

# Electric Sub-Committee

**01/5/2016  
7:00 PM to 9:00 PM  
Ipswich Utilities Office  
Meeting Room  
272 High Street  
Ipswich, MA**

Type of meeting: Monthly Meeting, Open Session

Attendees: Jim Engel, Charles Surpitski, Whitney Hatch, Ed Rauscher, ,Michael Schaaf, Karen Repucci (Business Mgr) and Don Newell (ELD). Also attending were Dan Rowland (Electric Dept.) and Cindy Quinn, Minutes Secretary.

## Agenda

Citizen queries	Chair	5
Acceptance of Minutes	Chair	5
MMWEC Financial Review—Follow-up Discussion	Don Newell	30
Net Metering Policy Discussion	Donald Newell	15
FY2016 Financial Update	Karen Repucci	20
FY2017 Budget—Preliminary Discussion	Donald Newell	30
Customer Discount	Karen Repucci	15
Other Business	Donald Newell	10

## Additional Information

C. Surpitski called the meeting to order at 7 pm with 7 members present plus two others.

### Handouts:

Packet for 1/5/16 including minutes for 10/21/15 and 12/02/15	Bulleted Agenda for 1-5-2016, 2 pgs
Debt Service coverage, 1 pg	Month of Usage / Billed the Following Month, 1 pg
Cash Flow Analysis from Whitney Hatch, 2 pgs	FY16 Profit & Loss, 1 pg
Analysis of Discount by Dollars, 1 pg.	Email from M. Schaaf, 1/5/16

### Abbreviations used:

BOS = Board of Selectmen   DPU = Dept. of Public Utilities   ELD = Electric Light Department  
GIS = Geographic Information System   KWH = kilowatt hour   MLD = Municipal Light Department  
MMWEC = MA Municipal Wholesale Electric Company   PFA = Purchase Power Fuel Adjustments  
SREC = Solar Renewable Energy Credit

<b>Citizen queries</b>			<b>Chair</b>	<b>5</b>
Discussion: no citizen queries.				
There was a conversation on choosing a new chairperson.				
Conclusions: The committee decided on electing Ed Rauscher as chair.				
Action items:			Person responsible:	Deadline:

<b>Acceptance of Minutes</b>			<b>Chair</b>	<b>5</b>
Discussion: For the minutes of 10/21/15, Jim moved, and Michael seconded, to accept those. The vote was 3-0 with Ed and Whitney abstaining.				
There was some discussion on the 12/2/15 minutes concerning the handout circulated at the end of that meeting and the contents of M. Schaaf's email dated 1/5/16 about the minutes.				
Jim moved that the minutes of 12/2/15 include the notes in the email. Whitney seconded the motion, and the vote was 4-0 with Charlie abstaining.				
Conclusions: The minutes were approved for October.				
Action items:			Person responsible:	Deadline:
Redo the minutes of 12/2/15			C. Quinn	
Review executive session minutes			D. Newell	

<b>MMWEC Financial Review—Follow-up Discussion</b>			<b>Don Newell</b>	<b>30</b>
Discussion: Using the Fitch Ratings and MMWEC charts in the packet, Don went over some of the debt service coverage, cash on hand, and debt ratios. Ipswich has 53 days of cash on hand, but the average for MMWEC communities is 227 days. There was some concern for being cash negative, the assets and debt.				
From the presentation in Dec., the next step in the review would be to study the cost structure and the cost of service. There was a conversation on our line of credit and another on the collection of funds from the electric bills. Lately, there are more clients paying online, and Whitney suggested that improvements made in the last 24 months might show up.				
Conclusions: There are two takeaways from the MMWEC talk. One is the line of credit, and the other is a goal to be more cash positive.				
Action items:			Person responsible:	Deadline:
Determine what are the assets			K. Repucci	
Identify the line of credit			D. Newell	
Find the history when ELD became cash negative			K. Repucci	

**Net Metering Policy Review****Don Newell****15**

Discussion: After passing out his Cash Flow Analysis sheet, Whitney described the three options at 3¢ for 10 and 20 years. One question is if this is enough incentive to have a fixed rate for solar. Another proposal was to true up the accounts once a year. The dialogue covered California customers, the number of manual transactions done by the ELD, access to product data, and the automation of more calculations.

Further discussion centered on SREC's and how they benefit only the homeowner and not the Town, however, we are still subsidizing dirty power plants. Since August, the group has discussed customer costs and a variety of plans, which takes considerable time. Ipswich is faring better than many municipalities.

Jim noted that we could continue the current policy or look at other options. There was a discussion on the subsidized costs paid by everyone. The current policy benefits the solar customers and needs to be altered. Continuing with incentives, Don's proposal would change things, but it seems fair.

Don mentioned that the study of the discount, the proposed budget, and other items might take a year to review. Jim moved, seconded by Charlie, to support the proposal for the net metering policy with implementation on June 1<sup>st</sup>. Michael did not support this. Don explained the \$31,000 cost and his time spent on 10 KW systems on a case-by-case basis. Rate hearings are not required. The vote on the motion was 3-2 with Michael and Whitney opposed.

Conclusions: The net metering policy was adopted.

Action items:

Person responsible:

Deadline:

**FY2016 Financial Update****Karen Repucci****20**

Discussion: After reviewing the FY 16 Profit and Loss sheet, Karen spoke about the sales that have dropped due to the warm weather. So far, ELD has collected 38% of the budgeted revenues, and expenses are down. This means an increase of \$340,647.

There was a conversation about the PPFA and how it is utilized to even out the increased cost of fuel. The interest numbers seem high, and some are listed in the interest line, while the rest is under generation. Industrial sales are up.

Conclusions: Ed will give a report to the BOS on the good outlook.

Action items:

Person responsible:

Deadline:

Reason for increased industrial sales

K. Repucci

PPFA spreadsheet for new members

D. Newell

**FY 2017 Budget—Preliminary Discussion****Don Newell****30**

Discussion: Don added there has been an increase in tree trimming, which is on a 3-year cycle, and Mayer has done some trimming on the 23 KB system. After explaining the plan, he focused on the work done by the Town work crews. Some vehicles are out to bid, and others are being ordered to replace some of the equipment.

For the overhead reconductoring projects, Don updated the group on the inspections completed. From past and current employees, he has learned that some of the spacer cables from the 1960's may have 10 years of useful life left. He is considering adding these to the five-year plan and examining the five-year outage history to prioritize the work. Even though the poles are in GIS, he said there is no mechanism for tracking updates, but the new Operations Manager would do this. The modeling system may help with some of these things.

The FY17 budget may not be balanced. After preparing the budget in the spring, he will look at the rates, and then the rate study could happen. Don mentioned the depreciation fund and changed the capital expenditures.

Conclusions:		
Action items:	Person responsible:	Deadline:
	D. Newell	

<b>Customer Discount</b>	<b>Karen Repucci</b>	<b>15</b>
Discussion: With her analysis of the discount, Karen gave details on the various rates, both residential and industrial. One benefit to the discount is cash flow to the ELD. One negative is that some customers complain they turned their money in on time, and the department spends considerable time on this.		
The Water and Sewer departments also give a discount, but they charge interest when the payment is late. It is easier to do a discount rather than add interest. The discount is part of the rates filed with DPU and would require a vote of the BOS.		

Conclusions: ELD may need to raise the rates or lower the discount.		
Action items:	Person responsible:	Deadline:
Report on when clients take the discount	K. Repucci	
Report when the bills are paid and how much money	K. Repucci	

<b>Other Business</b>	<b>Donald Newell</b>	<b>10</b>
Discussion: The date for the next subcommittee meeting is Feb. 3 <sup>rd</sup> .		
Don had two candidates for the Operations Manager position and tended an offer to one finalist. When the first choice decided to remain where he was, Don decided to look at the other person, and he is considering making it an engineer position. The he would take on some of the duties.		
Modeling the entire system is not complete. He still has to research the landfill site.		
Conclusions:		
Action items:	Person responsible:	Deadline:

<b>Additional Information</b>
<p>It was moved and seconded to adjourn the meeting at 10:35 pm. Unanimous.</p> <p>Additional notes from Whitney Hatch: After passing out his Cash Flow Analysis Sheet Whitney described the relative cash flows four representative PV customers would realize under No Solar, the current Net Metering approach, the proposed net Metering approach, and an approach which would assess a non-bypassable, 3 cent per kWh charge on all PV customer demand in order to cover each customer's share of the system's fixed costs. He described the incentives for solar investments as being more favorable under the 3-cent non-bypassable charge than under the proposed plan which introduces a new fixed monthly charge unique to solar customers. Whitney suggested billing system concerns could be alleviated by billing on estimates of annual PV production and on-site consumption and truing up for actual consumption and production once per year.</p>